

HAWAII RENTAL HOUSING COALITION

June 27, 2017

To: The Honorable Kymberly Marcos Pine, Chair
The Honorable Ikaika Anderson, Co-Chair
Committee on Zoning and Housing

From: Christine Nakashima-Heise, Project Coordinator
Hawaii Rental Housing Coalition

Re: Testimony in Support of Bill 59, with Proposed Amendments

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By the year 2020, the Hawaii Housing & Finance Development Corporation (HHFDC) projects that approximately **20,000** units will be needed in the City and County of Honolulu for those households earning under 140% of the average median income ("AMI"). Of that number approximately 11,215 units are projected to be needed by those earning between **60% and 140%** AMI representing **56%** of the need for affordable housing for those earning under 140% AMI.

There are very few housing programs designed to support the development of housing, specifically rental housing, for this "gap group" between **60% and 140%** AMI, who represent the workforce populace. Virtually all government funding for housing is available only to the projects designed for those earning **under 60% AMI**. Therefore **private sector financing** is necessary to build this sorely needed segment of our housing market.

The Hawaii Rental Housing Coalition is a consortium of developers, landowners, union leaders, members of the banking community, housing advocates and members of the construction and real estate industry who came together out of their commitment to finding ways to alter the economics of building rental housing. The Coalition believes that through a combination of reduction of construction costs and enhancement of revenues (without changing rents), the basic economics of building and operating affordable rental housing can become a real possibility.

The City has introduced Bill 59 which confers upon rental housing projects qualifying under HRS Section 201H-36(a)(5) incentives such as waivers of real property taxes, permitting fees, park dedication fees and wastewater connection fees, all of which are essential components to achieving the reduction in costs.

The Hawaii Rental Housing Coalition respectfully encourages the members of the Committee to strongly support all the incentives provided under Bill 59 for affordable rental housing. However, we respectfully request that Bill 59 be revised to be an enabling bill only for affordable rental housing qualifying under HRS Section 201H-36(a)(5) which specifically defines the Coalition's rental housing parameters,

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and that references to other types of affordable housing be deleted. Further, in the interest of avoiding confusing arguments for other affordable housing projects that are cross referenced between Bills 58 and 59, we respectfully request that such cross references be deleted and that incentives for other types of affordable housing be covered in a separate bill.

Respectfully submitted,

Christine Nakashima-Heise
Project Coordinator
email: cnheise@gmail.com
Tel: (808) 782-9005